

# Kagiso Bond Fund

June 2010

The fund aims to significantly outperform its benchmark over time. The fund offers exposure to the South African bond market and invests in a range of government, parastatal and corporate bonds. The fund is actively managed and performance is achieved by identifying investment opportunities across the interest rate spectrum. The bulk of outperformance is expected to be achieved via duration management with credit management also contributing.

<b>Inception date</b>	1 May 2007
<b>Portfolio manager</b>	Gavin Wood
<b>Fund mandate</b>	South African bonds
<b>Vehicle</b>	Pooled
<b>Benchmark</b>	BESA All Bond index
<b>Composite size</b>	R12 million
<b>Minimum</b>	No minimum

## Portfolio detail

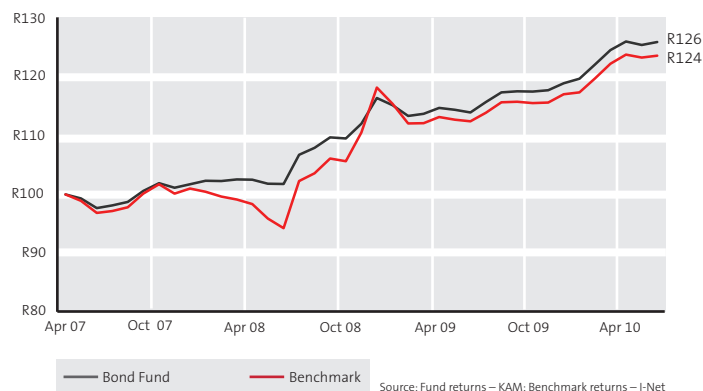
### Commentary

The BESA All Bond index (ALBI) increased 1.1% during the second quarter of the year. Short and medium duration sectors were the best performers over the quarter, with the ALBI 1-3 year and ALBI 3-7 year segments returning 1.8% and 1.9% respectively.

Over the quarter, the Kagiso Bond Fund performed in line with its benchmark (ALBI), despite its short duration position as bond selection added strongly to performance. We continue to prefer the middle of the yield curve and are underweight the shorter (1-3 year segment) and longer end (12+ years segment) of the curve which we believe looks fairly valued.

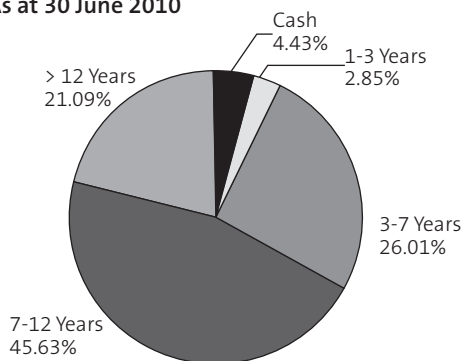
## Track record

### Value of R100 invested at inception (dividends reinvested)



## Term exposure

### As at 30 June 2010



## Performance in ZAR (gross of fees)

Period	1 yr	2 yrs <sup>1</sup>	3 yrs <sup>1</sup>	5 yrs <sup>1</sup>	Cum <sup>1,2</sup>	2008	2009
Fund	10.52%	11.20%	8.81%		7.53%	14.37%	2.16%
Benchmark <sup>3</sup>	9.91%	14.49%	8.45%		6.90%	16.97%	1.42%
Out (under) performance	0.61%	(3.28%)	0.37%		0.63%	(2.60%)	0.74%

<sup>1</sup> Annualised; <sup>2</sup> Inception date: 1 May 2007

<sup>3</sup> BESA All Bond index; Figures to 30 June 2010

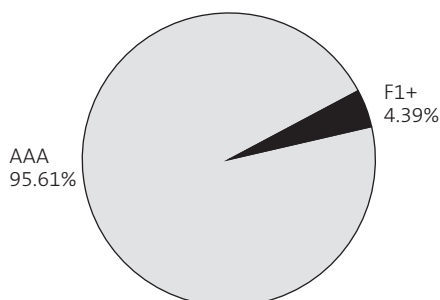
Total fund assets: 2008: R5m; 2009: R 11m

Total firm assets: 2008: R8 930m; 2009: R17 725m

Source: Fund returns – KAM; Benchmark returns – I-Net

## Credit exposure

### As at 30 June 2010



## Risk statistics since inception

	Fund	Benchmark
Annualised monthly volatility	4.58%	7.97%
Annualised monthly tracking error	3.74%	0.00%
Information ratio <sup>4</sup>	0.17	n/a
Sharpe ratio	0.24	0.06
Maximum gain	4.87%	8.51%
Maximum drawdown <sup>5</sup>	(0.05%)	(0.14%)
% Positive months	63.16%	57.89%
Beta vs benchmark	0.56	1
Average income yield	8.74%	
Modified duration (years)	5.14	6

<sup>4</sup> Information ratio =  $\frac{\text{outperformance}}{\text{tracking error}}$  <sup>5</sup> Maximum % decline over any period